



Legislation Text

File #: 21-0874, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 5, 2021

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of the Monthly Financial Report for the Period Ending March 31, 2021.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending March 31, 2021.

RECOMMENDATION: That City Council receive the Monthly Financial Report.

BACKGROUND: The following discussion is a summary of the Monthly Financial Report for this period. Detailed comparative schedules are attached.

REVENUES

As of March 31, 2021, General Fund revenues collected equaled \$496.3 million, an increase of \$43.2 million or 9.5 percent more than the revenues collected at the same time in FY 2020. In November 2020, the City refunded existing debt to generate a savings of debt service of approximately \$1.0 million. For comparison purposes, without the \$49.9 million in refinanced bond proceeds, total revenue in FY 2021 is \$446.4 million, which largely due to the COVID-19 pandemic is \$6.7 million less than FY 2020, or a 1.5 percent decrease.

At this time in FY 2021, the City's total revenue collection is not noticeably different in total than the COVID-19 impacted revenues that were projected for the first eight months of the current fiscal year. Revenues with considerable declines are being partially offset with additional revenues in other categories. The FY 2022 Proposed Operating Budget included a comprehensive forecast of the FY 2021 General Fund Revenues, which was recently reviewed and revised as a part of the revenue reforecast for the FY 2022 Budget deliberations. The most recent FY 2021 General Fund revenue forecast is reflected in Attachment 1, column C.1.

Personal Property tax revenues are showing a significant decline compared to FY 2020. Staff has not utilized the City's third-party collection firm to pursue delinquent taxes considering the stark economic situation for

many households. As approved by Council, the personal property due date was delayed from October 5 to December 15 this year, so this later due date is also impacting collections. Notices have been mailed alerting individuals about their delinquent status and encouraging them to reach out to the Finance Department to arrange a payment plan if needed. It is also important to note that the total personal property levy, or taxes billed in

FY 2021 (tax year 2020) is 4.6 percent lower than last year's levy. As noted at the Revenue budget work session in mid-February, a combination of fewer cars on the tax rolls and fewer new cars being purchased and added to the tax rolls has had a negative impact on the tax level in FY 2021. Real Estate revenue projections reflect 2021 assessments, as well as a 2-cent reduction in the 2021 real estate tax rate just approved by Council on May 5.

The development and subsequent revisions to the FY 2021 General Fund revenue budget included a careful review of each revenue category to estimate the impact COVID-19 might have on receipts and many categories were reduced in advance of continued impacts on the City's economy from the pandemic. Based on current pandemic and economic forecasts and fiscal trends, the post COVID-19 economic recovery will likely be longer than projected last Spring, and revenues will be less than currently budgeted. Currently staff does not anticipate any other significant changes in the rate of collection or payment in any of the City's revenue categories.

Sales tax revenue is consistent with receipts from January 2020. This is due in large part to a surge in internet-based sales, which are captured in Sales tax revenue at a much greater rate than in previous years. Compared to FY 2020, January 2021 Sales tax revenue is 3.0 percent higher than January 2020 revenue. Total revenues are up in this category by 0.9 percent compared to the same period in FY 2020. As expected, based on decreased travel and restaurant trends, Meals Sales tax revenue is 17.0 percent lower and Transient Lodging tax is 63.5 percent lower than this period last year. That said, FY 2021 revenues are projected to total 99.5% of revenue estimates budgeted a year ago as the pandemic started.

Non-tax revenues are also showing the effects of the pandemic for a variety of reasons. Physical distancing and "safer at home" directives are significantly impacting revenues that are dependent on entrance and rental fees like recreation classes and facility rentals. Attachment 3 provides the comparison of the cumulative impact of the COVID-19 pandemic on the City's consumer spending.

Revenue from the Use of Money and Property is lower than last fiscal year due to interest earnings on invested City cash being significantly lower than prior years due to market conditions causing lower revenue from City cash balances. Lower interest rates were anticipated, and the budget for Interest on General Fund Investments was reduced significantly for FY 2021. Permits and Licenses are over \$2.6 million more than receipts in March 2020 due to the collection of past due invoices for Temporary Parking permits by a utility company. Recordation tax revenues have increased 24.3 percent due to residential sales and refinancing as well as the sale of the Southern Towers multi-family portfolio.

COVID IMPACT AND AMERICAN RESCUE PLAN

The chart in Attachment 3 show the cumulative impact that the pandemic has had on consumer taxes. In aggregate, the impact on the City's revenue since February is a loss of revenue of \$19.1 million. The most significant decline is in Transient Lodging tax revenue, which is down 67.6 percent since March or a loss of \$9.5 million in the past eleven months. Losses in Meals Sales Tax revenue are proportionally less than Transient Lodging, with a 34.5 percent decline; this equates to \$9.5 million in lost revenue.

The recently federally approved American Rescue Plan Act (ARPA) provides some provisions for revenue

replacement. As of May 5, states and localities had not been given guidelines for how revenue loss can be calculated, including comparisons can be used to calculate the loss. U.S. Treasury guidelines are expected to be issued in the upcoming weeks with 50% of ARPA monies distributed to localities by May 11.

EXPENDITURES

As of March 31, 2021, General Fund expenditures totaled \$483.6 million, an increase of \$32.4 million or 7.2 percent compared to the same period for FY 2020. Bond proceeds are transferred to an escrow agent and shown as an expenditure in FY 2021. Without this variance, General Fund expenditures total \$433.9 million, which is a decrease of \$17.2 million or 3.8 percent. Expenditures for most City departments are consistent with spending over the same period last fiscal year. Transit subsidies are less than budgeted due to WMATA's use of CARES funding resulting in a temporary reduced need for full budgeted funding from localities. Some of this WMATA savings will be used to help offset lost farebox revenue for DASH. With the recent presidential election, the Registrar of Voters is also trending significantly higher than FY 2020. These costs have been budgeted, and the additional costs for mailing that were incurred have been reimbursed to the City by State and other grants.

For comparison purposes, a preliminary comprehensive expenditure projection has been included with this report. The fiscal year is over 75 percent complete and forecasts are based on current information about departmental operations through the end of the year. Including the funds associated with the bond proceeds and previously planned use of fund balance, projected general fund revenues (excluding budget fund balance) of \$790.8 million, compares favorably to projected expenditures of \$786.3 million. The City's selective hiring freeze significantly contributed to this fiscal outcome. Several departments are projected to exceed their budgets by very small amounts primarily related to COVID related costs. The Supplemental Appropriation Ordinance in June will include a section of interdepartmental transfers, in which surplus resources from some mostly smaller departments will be transferred to other departments that experienced unbudgeted expenses or whose vacancies were not sufficient to cover the assumed turnover savings that was included in the FY 2021 Approved Budget.

In summary while General Fund revenues are projected to fall about \$3.7 million short of the budgeted revenue amount, General Fund expenditures which are running below budget are currently projected to cover the projected revenue shortfall without the need to draw upon the General Fund balance as initially budgeted.

ATTACHMENTS:

Attachment 1: Comparative Statement of General Fund Revenues

Attachment 2: Comparative Statement of General Fund Expenditures

Attachment 3: Comparison of Consumer Spending Categories

STAFF:

Laura Triggs, Deputy City Manager

Kendel Taylor, Director, Finance Department

Morgan Routt, Director, Office and Management and Budget

CITY OF ALEXANDRIA, VIRGINIA

COMPARATIVE STATEMENT OF REVENUES

GENERAL FUND

FOR THE PERIODS ENDING MARCH 31, 2021 AND MARCH 31, 2020

	B	C.1	C	D=C/B	E	F	G=F/E
	FY 2021	FY 2021	FY2021		FY 2020	FY2020	
	APPROVED	PROJECTED	REVENUES	%	APPROVED	REVENUES	%
	BUDGET	REVENUES	THRU 3/31/2021	OF BUDGET	BUDGET	THRU 3/31/2020	OF TOTAL
General Property Taxes							
Real Property Taxes.....	\$ 477,554,000	476,885,773	\$ 236,617,265	49.5%	\$ 462,848,143	\$ 225,227,394	48.7%
Personal Property Taxes.....	55,213,000	52,550,000	50,962,335	92.3%	56,926,910	53,583,696	94.1%
Penalties and Interest.....	2,808,000	2,100,000	1,655,869	59.0%	2,708,000	1,933,800	71.4%
Total General Property Taxes	<u>\$ 535,575,000</u>	<u>\$ 531,535,773</u>	<u>\$ 289,235,469</u>	<u>54.0%</u>	<u>\$ 522,483,053</u>	<u>\$ 280,744,889</u>	<u>53.7%</u>
Other Local Taxes							
Local Sales and Use Taxes.....	\$ 26,194,000	30,800,000	\$ 18,515,620	70.7%	\$ 28,800,000	\$ 18,343,275	63.7%
Consumer Utility Taxes.....	12,700,000	11,760,000	8,015,109	63.1%	12,000,000	8,230,093	68.6%
Communication Sales and Use Taxes.....	8,275,000	7,900,000	5,471,079	66.1%	9,200,000	5,249,646	57.1%
Business License Taxes.....	22,000,000	35,169,000	33,834,917	153.8%	34,378,000	32,147,277	93.5%
Transient Lodging Taxes.....	10,833,000	4,100,000	2,789,406	25.7%	12,800,000	7,635,262	59.7%
Restaurant Meals Tax.....	20,500,000	17,400,000	13,397,269	65.4%	24,231,000	16,131,870	66.6%
Tobacco Taxes.....	2,600,000	2,060,000	1,408,083	54.2%	2,600,000	1,396,835	53.7%
Real Estate Recordation.....	5,900,000	8,645,000	6,273,948	106.3%	6,000,000	5,046,882	84.1%
Admissions Tax.....	500,000	70,000	54,957	11.0%	670,000	428,087	63.9%
Other Local Taxes.....	5,109,090	4,310,000	620,652	12.1%	4,809,090	475,729	9.9%
Total Other Local Taxes	<u>\$ 114,611,090</u>	<u>\$ 122,214,000</u>	<u>\$ 90,381,039</u>	<u>78.9%</u>	<u>\$ 135,488,090</u>	<u>\$ 95,084,958</u>	<u>70.2%</u>
Intergovernmental Revenues							
Revenue from the Fed. Government.....	\$ 10,109,303	8,230,000	\$ 5,689,846	56.3%	\$ 10,397,000	\$ 5,616,390	54.0%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	23,106,960	98.0%	23,578,531	23,106,960	98.0%
Revenue from the Commonwealth.....	23,741,866	24,610,458	17,119,550	72.1%	23,621,515	17,371,089	73.5%
Total Intergovernmental Revenues	<u>\$ 57,429,700</u>	<u>\$ 56,418,989</u>	<u>\$ 45,916,356</u>	<u>80.0%</u>	<u>\$ 57,597,046</u>	<u>\$ 46,094,439</u>	<u>80.0%</u>
Other Governmental Revenues And Transfers In							
Fines and Forfeitures.....	\$ 3,502,615	3,212,600	\$ 2,269,021	64.8%	4,930,450	\$ 3,323,616	67.4%
Licenses and Permits.....	2,339,631	4,119,750	3,749,474	160.3%	2,615,350	1,107,158	42.3%
Charges for City Services.....	14,308,344	9,408,601	6,452,965	45.1%	15,790,462	13,954,893	88.4%
Revenue from Use of Money & Prop.....	5,498,250	3,363,307	2,716,180	49.4%	11,406,650	6,783,944	59.5%
Other Revenue.....	2,067,866	1,773,500	1,311,029	63.4%	2,591,285	1,803,142	69.6%
Transfer from Other Funds.....	9,246,427	8,857,193	4,416,124	47.8%	9,291,882	4,283,941	46.1%
Total Other Governmental Revenues	<u>\$ 36,963,133</u>	<u>\$ 30,734,951</u>	<u>\$ 20,914,792</u>	<u>56.6%</u>	<u>\$ 46,626,079</u>	<u>\$ 31,256,694</u>	<u>67.0%</u>
TOTAL REVENUE	<u>\$ 744,578,923</u>	<u>\$ 740,903,713</u>	<u>\$ 446,447,656</u>	<u>60.0%</u>	<u>\$ 762,194,268</u>	<u>\$ 453,180,981</u>	<u>59.5%</u>
Appropriated Fund Balance							-
General Fund.....	\$ 12,934,086		\$ -	\$ -	\$ 13,660,407	\$ -	-
Appropriated refunding bond proceeds	\$ -	\$ 49,887,196	\$ 49,887,196				
Encumbrances And Other			-	-	4,126,974	-	-
Supplemental Appropriations....	4,140,163		-	-		-	-
TOTAL	<u>\$ 761,653,172</u>	<u>\$ 790,790,909</u>	<u>\$ 496,334,853</u>	<u>65.2%</u>	<u>\$ 779,981,649</u>	<u>\$ 453,180,981</u>	<u>58.1%</u>

COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION							
GENERAL FUND							
FOR THE PERIODS ENDING MARCH 31, 2021 AND MARCH 31, 2020							
	B	C.1	C	D=C/B	E	F	G=F/E
	FY 2021	FY 2021	FY2021	%	FY 2020	FY2020	%
	REVISED	PROJECTED	EXPENDITURES	OF BUDGET	APPROVED	EXPENDITURES	OF BUDGET
FUNCTION	BUDGET	EXPENDITURES	THRU 3/31/2021	EXPENDED	BUDGET	THRU 3/31/2020	EXPENDED
Legislative & Executive.....	\$ 3,577,587	\$ 3,500,000	\$ 2,447,685	68.4%	\$ 3,495,056	\$ 2,422,957	69.3%
Judicial Administration.....	\$ 45,687,423	\$ 45,701,000	\$ 31,178,401	68.2%	\$ 46,034,341	\$ 32,522,312	70.6%
Staff Agencies							
Communications.....	\$ 1,567,258	\$ 1,300,000	\$ 944,623	60.3%	\$ 1,544,294	\$ 1,015,078	65.7%
Human Rights.....	939,907	940,000	\$ 662,127	70.4%	905,798	666,542	73.6%
Information Technology Services.....	13,118,675	13,000,000	\$ 8,995,948	68.6%	12,123,957	8,748,001	72.2%
Management & Budget.....	1,274,629	1,200,000	\$ 825,868	64.8%	1,364,181	997,640	73.1%
Finance.....	12,853,748	12,300,000	\$ 8,316,388	64.7%	13,555,967	8,680,495	64.0%
Performance and Accountability.....	509,772	560,000	\$ 371,578	72.9%	535,509	383,133	71.5%
Internal Audit.....	412,464	360,000	\$ 258,034	62.6%	442,002	178,939	40.5%
Human Resources.....	4,158,277	4,100,000	\$ 2,962,874	71.3%	4,689,778	3,074,569	65.6%
Planning & Zoning.....	5,937,014	5,850,000	\$ 4,041,599	68.1%	6,390,022	4,317,390	67.6%
Economic Development Activities.....	7,123,390	7,100,000	\$ 5,183,682	72.8%	7,131,946	4,750,131	66.6%
City Attorney.....	3,751,516	3,300,000	\$ 2,324,973	62.0%	4,282,658	3,021,508	70.6%
Registrar.....	1,468,351	1,400,000	\$ 965,614	65.8%	1,335,329	930,815	69.7%
Organizational Excellence	169,548	185,000	\$ 141,416	83.4%	150,446	423	0.3%
General Services.....	11,531,122	10,500,000	\$ 6,643,756	57.6%	12,076,895	7,792,349	64.5%
Total Staff Agencies	\$ 64,815,671	\$ 62,095,000	\$ 42,638,480	65.8%	\$ 66,528,782	\$ 44,557,013	67.0%
Operating Agencies							
Transportation & Environmental Services.....	\$ 24,018,283	\$ 22,200,000	\$ 14,856,025	61.9%	\$ 24,358,122	\$ 15,566,478	63.9%
Project Implementation.....	-	-	25	0.0%	-	-	-
Fire.....	52,442,480	51,300,000	36,197,675	69.0%	55,307,491	38,139,331	69.0%
Police.....	62,514,687	59,000,000	42,736,471	68.4%	67,140,443	46,139,195	68.7%
Emergency Communications.....	8,743,235	8,300,000	5,905,394	67.5%	8,498,862	5,687,058	66.9%
Code.....	24,000	13,200	3,592	15.0%	33,060	4,629	14.0%
Transit Subsidies.....	14,562,467	12,100,000	779,456	5.4%	21,760,499	16,345,484	75.1%
Housing.....	1,807,163	1,300,000	1,395,913	77.2%	1,909,924	1,339,649	70.1%
Community and Human Services.....	14,850,323	14,850,000	10,704,463	72.1%	14,574,157	10,975,570	75.3%
Health.....	9,130,362	8,900,000	6,434,831	70.5%	8,363,542	6,002,591	71.8%
Historic Resources.....	3,566,337	3,600,000	2,476,982	69.5%	3,586,582	2,389,175	66.6%
Recreation.....	23,236,276	22,300,000	14,384,002	61.9%	24,038,373	16,416,223	68.3%
Total Operating Agencies	\$ 214,895,613	\$ 203,863,200	\$ 135,874,829	63.2%	\$ 229,571,055	\$ 159,005,383	69.3%
Education							
Schools.....	\$ 234,037,296	\$ 234,037,296	\$ 117,018,648	50.0%	\$ 231,669,496	\$ 115,834,748	50.0%
Other Educational Activities.....	16,009	16,009	12,007	75.0%	16,128	8,064	50.0%
Total Education	\$ 234,053,305	\$ 234,053,305	\$ 117,030,655	50.0%	\$ 231,685,624	\$ 115,842,812	50.0%
Capital, Debt Service and Miscellaneous							
Debt Service - City.....	\$ 37,288,071	\$ 36,267,430	\$ 30,898,191	82.9%	\$ 35,530,695	\$ 25,987,524	73.1%
Debt Service - Schools.....	\$ 28,578,698	\$ 28,578,698	\$ 23,681,303	82.9%	\$ 28,112,251	\$ 19,943,052	70.9%
Expenses on Refunding Bonds.....	-	49,618,630	49,618,630	-	-	-	-
Non-Departmental.....	\$ 9,692,339	\$ 7,600,000	8,915,109	92.0%	9,795,496	7,772,444	79.3%
General Cash Capital.....	\$ 25,591,040	\$ 27,338,144	12,795,520	50.0%	44,230,142	21,590,071	48.8%
Contingent Reserves.....	4,268,703	600,000		0.0%	749,170	-	-
Total Capital, Debt Service and Miscellaneous	\$ 105,418,851	\$ 150,002,902	\$ 125,908,753	119.4%	\$ 118,417,754	\$ 75,293,091	63.6%
TOTAL EXPENDITURES	\$ 668,448,450	\$ 699,215,407	\$ 455,078,803	68.1%	\$ 695,732,612	\$ 429,643,568	61.8%
Cash Match (Transportation/DCHS/							
and Transfers to the Special Revenue /Capital Projects Funds)...	\$ 57,484,063	\$ 55,000,000	\$ 7,406,547	12.9%	\$ 52,973,302	\$ 6,403,126	12.1%
Transfer to Housing.....	4,717,217	4,700,000	2,358,609	50.0%	8,867,775	2,697,288	30.4%
Transfer to Library.....	7,176,355	7,100,000	150,863	2.1%	7,115,682	50,822	0.7%
Transfer to DASH.....	23,827,086	20,250,000	18,563,134	77.9%	15,292,278	12,318,716	80.6%
TOTAL EXPENDITURES & TRANSFERS	\$ 761,653,172	\$ 786,265,407	\$ 483,557,956	63.5%	\$ 779,981,649	\$ 451,113,519	57.8%
Total Expenditures by Category							
Salaries and Benefits.....	\$ 227,656,371	\$ 222,682,115	\$ 159,518,139	70.1%	\$ 233,319,522	\$ 161,814,357	69.4%
Non Personnel (includes all school funds)	533,996,801	563,583,292	\$ 324,039,817	60.7%	\$ 546,662,127	289,299,162	52.9%
Total Expenditures	\$ 761,653,172	\$ 786,265,407	\$ 483,557,956	63.5%	\$ 779,981,649	\$ 451,113,519	57.8%

	Cumulative Impact on Consumer Spending				
	Tax Revenue	CY2019	CY2020	Change	% Change
Feb-Jan	Sales	\$30,646,558	\$30,112,527	(\$534,031)	-1.7%
Feb-Feb	Meals Sales	\$27,363,554	\$17,911,629	(\$9,451,925)	-34.5%
Feb-Feb	Transient Lodging	\$14,112,384	\$4,566,656	(\$9,545,728)	-67.6%
Feb-Feb	Admissions	\$659,615	\$104,552	(\$555,063)	-84.1%
Feb-Feb	Recordation	\$7,690,799	\$8,713,790	\$1,022,991	13.3%
	Cumulative	\$80,472,910	\$61,409,154	(\$19,063,756)	-23.7%
	Year over Year Comparison				
	Tax Revenue	CY2019	CY2020	Change	% Change
January	Sales	\$2,378,823	\$2,449,148	\$70,325	3.0%
February	Meals Sales	\$1,946,636	\$1,348,142	(\$598,494)	-30.7%
February	Transient Lodging	\$874,182	\$446,748	(\$427,434)	-48.9%
February	Admissions	\$38,741	\$8,231	(\$30,510)	-78.8%
February	Recordation	\$340,698	\$443,636	\$102,938	30.2%
	Comparison to Average Collection				
	Tax Revenue	CY2019	CY2020	FY 2019 Monthly Average	5-year Same Month Average
January	Sales	\$2,378,823	\$2,449,148	\$2,398,919	\$2,063,002
February	Meals Sales	\$1,946,636	\$1,348,142	\$2,048,329	\$1,576,086
February	Transient Lodging	\$874,182	\$446,748	\$1,071,347	\$722,575
February	Admissions	\$38,741	\$8,231	\$52,372	\$54,782
February	Recordation	\$340,698	\$443,636	\$493,073	\$513,364

